

## **TELECOMMUNICATIONS DIVISION STAFF REPORT**

September 26, 2008

**SUBJECT:** Staff recommends that the Commission initiate an investigation as to whether Illinois Bell Telephone Company properly, according to the terms of Section 13-502 Public Utilities Act, classified certain residential services that it provides in Illinois MSAs 2, 3, 6, 7, 9, and 15 as competitive. In addition, Staff recommends that the Commission order Illinois Bell Telephone Company to provide additional evidence that will allow the analysis to be performed in the statutory timeframe.

### **Details of this Filing**

On August 1, 2008, Illinois Bell Telephone Company ("AT&T Illinois", "Company") filed tariff sheets (listed in Attachment A to this Staff Report) classifying as competitive for all residential customers in MSAs 2, 3, 6, 7, 9, and 15 network access lines, ISDN Direct lines, local usage, selected optional features, directory listing services, billing services and selected packages.<sup>1</sup> See the attached maps showing the boundaries of the six MSAs (Attachment B). The specific services in the filing include:

- Residence Network Access Lines;
- Residence Usage Services including Bands A and B Local Usage;
- Consumer's Choice Basic;
- Winback and On-line Ordering Residence Access Line Offers;
- Call Waiting, Caller ID, Caller ID with Name and Talking Call Waiting;
- BASICS Choice feature package;
- Select Feature package;
- Additional Directory Listings, Private Directory Listings, Semi-Private Directory Listings, and Custom Number Service;
- Billing Services including the Non-sufficient Check Charge and Minutes of Use Printed Detail Report;
- Residential ISDN Direct Service;

Additionally, the Company classified for all residential customers in MSAs 2, 3, 6, 7, 9, and 15 the following grandfathered packages containing combinations of the above services and combinations of above listed services and other services previously classified as competitive:

- Residence Local Call Plans;

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<sup>1</sup> MSA means Market Service Area.

- Ameritech Home Services Packages;
- uSelect 3 and 2-Line uSelect 3;
- uSelect 3 Win/Winback Plan;
- uSelect 6 and 2-Line uSelect 6;
- uSelect Standard Package;
- uSelect Standard Win/Winback Plan;
- Complete Solution II;
- The BASICS Package;
- The Works;
- Sensible Local Solution;
- 2-Line Complete Local Solution;
- Complete Local Solution Package;
- Economy Local Solution Package;
- Economy Solution Package;
- Economy Solution Plus Package;
- Sensible Solution Package;
- Sensible Solution Plus Package.

On September 15, 2008, AT&T Illinois filed additional tariff sheets (also listed in Attachment A to this Staff Report) classifying as competitive for all residential customers in MSAs 2, 3, 6, 7, 9, and 15 Complete Choice Enhanced. Complete Choice Enhanced was filed with the Commission as a new offering on July 18, 2008 and became effective on September 2, 2008. During the time the Complete Choice Enhanced was pending before the Commission, but before it became effective, AT&T Illinois made its August 1, 2008 filing. Thus, the September 15, 2008 filing adds Complete Choice Enhanced to the list of packages reclassified in MSAs 2, 3, 6, 7, 9, and 15.

A summary and description of each of the above services that were reclassified as competitive are attached to this Staff Report (Attachment C). AT&T Illinois included with its filing a verified statement naming alternative providers of functionally equivalent or substitute services in MSAs 2, 3, 6, 7, 9, and 15, a map identifying its incumbent service territory within each of the MSAs, Long-Run Service Incremental Cost Studies, Imputation Tests, and an Aggregate Revenue Test.

## **Background:**

### **Competitive Reclassification Filing Requirements**

Filing requirements associated with tariffs reclassifying non-competitive services as competitive have, in the past, been a source of some dispute. In January 1995, AT&T Illinois (then Ameritech Illinois) reclassified certain services it provided to business customers from noncompetitive to competitive pursuant to Section 13-502(b) of the Public Utilities Act ("Act") and in April 1995 filed to raise rates for some of these services. Following a Staff Report recommending investigation of these filings, the Commission entered orders initiating Dockets 95-0135 and 95-0179 to investigate Ameritech Illinois' competitive reclassification and the subsequent rate increases. Dockets 95-0135 and 95-

0179 were then consolidated. In its October 16, 1995, Order in Dockets 95-0135/95-0197 (consol.), the Commission determined that Ameritech Illinois' competitive reclassification of the services was improper. The Commission's decision was subsequently affirmed in all respects by the Illinois Appellate Court for the Third District. *Illinois Bell Telephone Co. v. Commerce Comm'n*, 282 Ill. App. 3d 672; 669 N.E.2d 628; 1996 Ill. App. Lexis 567; 218 Ill. Dec. 485 (3rd Dist. 1996)

Between March 1997 and November 1998 AT&T Illinois filed numerous tariffs reclassifying several of its business and residential services as competitive — again pursuant to Section 13-502(b) of the Act. On November 25, 1998, Staff issued a Staff Report recommending, based upon AT&T Illinois' alleged failure to satisfy the information requirements prescribed by the Commission's Order in Dockets 95-0135/95-0197 (consol.), that the Commission open an investigation into AT&T Illinois' reclassifications, and also that the Commission establish competitive reclassification filing requirements. Following Staff's recommendations, the Commission initiated two dockets, Docket No. 98-0860 and Docket No. 98-0861 to investigate AT&T Illinois' reclassifications and to establish competitive reclassification filing requirements, respectively.

P.A. 92-22, a comprehensive rewrite of the Act as it related to telecommunications services and telecommunications carriers, was passed by the General Assembly on May 30-31, 2001, and signed into law by the Governor on June 28, 2001. Section 13-502.5 as amended by P.A. 92-22 abated Docket No. 98-0860. Furthermore, P.A. 92-22 amended Section 13-502 of the Act by adding a provision requiring the Commission to consider certain enumerated factors in determining whether a service should be reclassified as competitive. These requirements are described in detail in the following section. The instant tariff filing seeking reclassification is the second filed by AT&T Illinois since the enactment of the new guidelines. On November 10, 2005, AT&T Illinois filed tariffs classifying residential services in MSA 1 as competitive. This instant reclassification filing essentially seeks to extend AT&T's previous competitive reclassification to its territories in MSAs 2, 3, 6, 7, 9, and 15.

## **Statutory Requirements for the Reclassification of Services**

The tariffs were filed pursuant to Section 13-502 of the Act, which allows incumbent carriers to reclassify their noncompetitive services as competitive. Section 13-502 of the Public Utilities Act reads in part as follows:

### **Sec. 13-502. Classification of services.**

(b) A service shall be classified as competitive only if, and only to the extent that, for some identifiable class or group of customers in an exchange, group of exchanges, or some other clearly defined geographical area, such service, or its functional equivalent, or a substitute service, is reasonably available from more than one provider, whether or not any such provider is a telecommunications carrier subject to regulation under this Act. All telecommunications services not properly classified as competitive shall be

classified as noncompetitive. The Commission shall have the power to investigate the propriety of any classification of a telecommunications service on its own motion and shall investigate upon complaint. In any hearing or investigation, the burden of proof as to the proper classification of any service shall rest upon the telecommunications carrier providing the service. After notice and hearing, the Commission shall order the proper classification of any service in whole or in part. The Commission shall make its determination and issue its final order no later than 180 days from the date such hearing or investigation is initiated. If the Commission enters into a hearing upon complaint and if the Commission fails to issue an order within that period, the complaint shall be deemed granted unless the Commission, the complainant, and the telecommunications carrier providing the service agree to extend the time period.

(c) In determining whether a service should be reclassified as competitive, the Commission shall, at a minimum, consider the following factors:

(1) the number, size, and geographic distribution of other providers of the service;

(2) the availability of functionally equivalent services in the relevant geographic area and the ability of telecommunications carriers or other persons to make the same, equivalent, or substitutable service readily available in the relevant market at comparable rates, terms, and conditions;

(3) the existence of economic, technological, or any other barriers to entry into, or exit from, the relevant market;

(4) the extent to which other telecommunications companies must rely upon the service of another telecommunications carrier to provide telecommunications service; and

(5) any other factors that may affect competition and the public interest that the Commission deems appropriate.

(d) No tariff classifying a new telecommunications service as competitive or reclassifying a previously noncompetitive telecommunications service as competitive, which is filed by a telecommunications carrier which also offers or provides noncompetitive telecommunications service, shall be effective unless and until such telecommunications carrier offering or providing, or seeking to offer or provide, such proposed competitive service prepares and files a study of the long-run service incremental cost underlying such service and demonstrates that the tariffed rates and charges for the service and any relevant group of services that includes the proposed competitive service and for which resources are used in common solely by that group of services are not less than the long-run service incremental cost of providing the service and each relevant group of services. Such study shall be given proprietary treatment by the Commission at the request of such carrier if any other provider of the competitive service, its functional

equivalent, or a substitute service in the geographical area described by the proposed tariff has not filed, or has not been required to file, such a study. 220 ILCS 5/13-502

### **Support Included by AT&T Illinois**

83 Ill. Adm. Code 745.200(c) requires that AT&T Illinois' current tariff filing be accompanied by a verified statement. AT&T Illinois' filing contains a brief verified statement supplied by W. Karl Wardin, the Executive Director of Regulatory Affairs for AT&T Illinois. Mr. Wardin's verified statement summarizes the services being reclassified, describes AT&T Illinois' service areas within MSAs 2, 3, 6, 7, 9, and 15 (in an attached map), and lists the names of providers purported by AT&T Illinois to provide the same, functionally equivalent, or substitute services for those reclassified (listed in Attachment D to this Report). The verified statement does not, however, specifically identify any of the services provided by the alternative providers. Nor does it address any of the other criteria identified in Section 13-502(c) of the Act. Thus, there is no way to determine, based on AT&T Illinois' filing, whether and to what extent the company's reclassification complies with the statutory criteria contained in Sections 13-502(b) and 13-502(c).

Section 745.200(d) and Section 13-502(d) of the Act require AT&T Illinois to file long-run service incremental cost ("LRSIC") studies for its reclassification filing and demonstrate that the rates and charges for its reclassified services are no less than the LRSIC of providing the services. To that end, AT&T Illinois has provided several documents. While these documents list the LRSICs of each service being reclassified and provide some detail as to their calculation, several underlying cost studies and models were not provided. As such, Staff cannot verify the accuracy of the figures AT&T Illinois has provided.

83 Ill. Adm. Code 792.30 (c) and Section 13-505.1 of the Act require AT&T to satisfy imputation tests for each of the services it seeks to reclassify as competitive. While AT&T Illinois' filing and documentation contain imputation cost studies, these studies do not in every instance appear to be complete, fully explained, and updated. For example, some of the "tariffed" rates used in the imputation tests no longer, to Staff's knowledge, exist in AT&T Illinois' tariffs. In addition, some of the data used in the imputation tests dates back to federal information filed by AT&T Illinois for as far back as 2003. As a result, this information supplied by AT&T Illinois in support of its imputation studies needs to be carefully assessed to determine the validity of the information and, consequently, the validity of AT&T Illinois' imputation studies.

The Commission Order that established AT&T Illinois' alternative regulation plan (Docket 92-0448/93-0239) requires that if the Company reclassifies any services as competitive, thereby impacting the plan, all impacted rate elements will be removed from the Average Price Index (API) and the API recalculated for the affected customer classes (Order, Appendix A, page 6)). While AT&T did provide the recalculated API for each of the service baskets, it did not include the underlying studies with the filing.

Finally, any filing reclassifying a service as competitive must also include an Aggregate Revenue test pursuant to 83 Ill. Adm. Code 791.200(b)(4). AT&T Illinois' filing does contain such an Aggregate Revenue Test. As with the imputation studies supplied by the company, the information supplied by AT&T Illinois in support of its Aggregate Revenue Test needs to be carefully assessed to determine the validity of the information and, consequently, the validity of AT&T Illinois' Aggregate Revenue Test.

## **Impact on Consumers**

This filing reclassified the above residential services from noncompetitive to competitive for all residential customers in Illinois MSAs 2, 3, 6, 7, 9, and 15. AT&T Illinois to date has not changed the rates, terms, or conditions of any of these services and therefore there is no tangible influence on consumers at this time as a result of this filing. Reclassification, however, results in reduced oversight of AT&T Illinois' services and therefore may impact consumers in the future.

Consumer impact may result because competitive services are subject to a more relaxed regulatory environment than are noncompetitive services. Under the Act, the treatment of noncompetitive and competitive tariff filings differs in several significant respects. Noncompetitive tariff filings are filed on 45 days' notice and the Commission may suspend the tariff changes from becoming effective (as Article IX applies to noncompetitive services), and investigate their propriety on an 11 month schedule.

In contrast, changes to the rates, terms and conditions of competitive telecommunications services are filed pursuant to Section 13-505 of the Act. Competitive tariff filings are effective on 1 day's notice and the Commission may not suspend the tariff change from becoming effective. Therefore, while the Commission may investigate any competitive rate, term and/or condition in the tariff, in the past, the Commission has generally limited its review to correcting any improper rates, terms, or conditions retroactively. Furthermore, the reclassified services will no longer be subject to pricing constraints imposed in AT&T Illinois' alternative regulation plan.

Thus, the prices for services reclassified as competitive are no longer capped, can be changed on short notice, are more difficult to correct, and may only be corrected retroactively if adjustments are found to be improper. As a result, by reducing the Commission's regulatory oversight of the affected services, there is potential for a negative impact on residential consumers if these services are improperly reclassified as competitive.

Sufficient competition has the potential to reduce or eliminate these negative impacts to consumers. Allowing AT&T Illinois the flexibility to more easily adjust its rates has the potential to better ensure the viability of AT&T Illinois' network and its continued availability to competitors and/or reduce the economic burdens of regulation. Evaluation of the factors established by statute, and such others as the Commission might deem relevant, will permit the Commission to fully evaluate the impact on consumers and thus the propriety of reclassification. AT&T Illinois' filing does not fully address the factors specifically identified in Section 13-502(c) of the Act. Nor does AT&T Illinois' filing provide information

addressing factors other than those specifically identified in Section 13-502(c) that might permit an assessment of the impact of reclassification on consumers. Therefore, AT&T Illinois' filing does not contain adequate information to allow the Commission at this time to determine whether reclassification will have a negative impact on consumers.

### **Supplemental Information Required**

Staff recommends that in order to determine whether these Residential services in MSAs 2, 3, 6, 7, 9, and 15 are in fact competitive according to the factors outlined in the Act and in order to permit a full review of the factors that may affect competition and the public interest, the Commission should request certain detailed sworn evidence from the Company. This evidence would be in addition to any other evidence or testimony the Company chooses to file in order to satisfy its burden to establish that the reclassification is appropriate.

First, Staff recommends that for MSAs 2, 3, 6, 7, 9, and 15 the Company be ordered to provide, at a minimum, any and all data and evidence supporting a detailed analysis of the following factors for each reclassified service:

1. The number, size, and geographic distribution of other providers of the service;
2. The availability of functionally equivalent services in the relevant geographic area and the ability of telecommunications carriers or other persons to make the same, equivalent, or substitutable service readily available in the relevant market at comparable rates, terms, and conditions;
3. The existence of economic, technological, or any other barriers to entry into, or exit from, the relevant market; and
4. The extent to which other telecommunications companies must rely upon the service of another telecommunications carrier to provide telecommunications service.

If AT&T Illinois plans to cite the existence of intermodal technologies, such as Voice over Internet Protocol (VoIP) service and Commercial Mobile Radio Service (CMRS) as competitive alternatives to the services that it has reclassified, the Company should state this with its initial sworn evidence and supply the following:

1. The extent to which AT&T Illinois will rely on such providers as competitive alternatives;
2. The names of these providers and the services they offer that are functionally equivalent services to the ones that the Company reclassified on August 1, 2008 and on September 15, 2008; and
3. A contact list of the providers that the Company is referencing in its answers to the preceding two questions.

Staff also recommends that in order to address other factors and the impact on the public interest, the Company should also include, for MSA 2, 3, 6, 7, 9, and 15, respectively, by MSA:

1. A report with information on subscribership as of June 30, 2008 that contains the number of customers subscribing to each of the residential services reclassified by this filing and the number of customers subscribing to each of the residential safe harbor packages currently offered in each of these MSAs but not reclassified by this filing; and,
2. Grouping all AT&T Illinois residential lines with measured local service, for each MSA, into ranges based on the number of local Band A and Band B calls made with the line in June 2008 (or the most recent month available) in increments of 15-calls up to 180 calls and in increments of 60-calls thereafter (e.g., lines with 0 calls, 1-15 calls, 16-30 calls, ..., 166-180 calls, 181-240 calls, 241-300 calls, etc.):
  - a. the number of lines within the range
  - b. the aggregate number of local calls made with lines within the range
  - c. the aggregate local usage revenue for lines within the range

(For example, in MSA 6 the Company might have 100 lines that generated 166-180 local calls, an aggregate total of 17,000 local calls made by customers with lines generating between 166-180 calls, and aggregate revenue of \$850 dollars from calls made by customers with lines generating between 166-180 calls.).

Staff further recommends, consistent with the statutory requirements described above, that the Commission order the Company to supply the following evidence:

1. Imputation tests for all services for which none was provided in this filing, or a statement indicating why a given service does not require an imputation test. All studies and work papers used in the derivation of data used in the included tests must also be provided;
2. All cost models and studies used in the derivation of LRSICs for services in this filing that have not yet been submitted; and
3. A detailed description of the impact on the alternative regulation plan. This description shall include calculations of the revenue impact in each of the service baskets, as well as the impact on the API of each basket. The calculation shall be sufficiently detailed such that the quantity of each service in each basket that is no longer in the plan as a result of this filing is listed.

Because of the limited time period the Commission has for investigation of AT&T Illinois' filing, Staff recommends that the Company be directed to file this information within 12 calendar days after issuance of the Initiating Order.<sup>2</sup> Staff also recommends that the Commission grant the Administrative Law Judge(s) discretion and authority to enforce quick data request response times throughout the docket in order to ensure that the case proceeds on schedule.

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<sup>2</sup> PUA Section 13-502(b) states: "[t]he Commission shall make its determination and issue its final order no later than 180 days from the date such hearing or investigation is initiated."



## **Recommended Commission Conclusions**

Staff recommends that the Commission initiate an investigation into the propriety of AT&T Illinois' classification of certain Residential Services as competitive in MSAs 2, 3, 6, 7, 9, and 15 filed on August 1, 2008 and on September 15, 2008, for the following reasons:

- The Company's filing does not provide sufficient supporting information upon which to make a determination as to the appropriateness of this reclassification.
- This filing is of critical importance to residential customers in MSAs 2, 3, 6, 7, 9, and 15 and should be scrutinized because the Commission has significantly less authority over competitive services.
- This filing may decrease benefits to consumers as the services in this filing will no longer be a part of the alternative regulation plan.
- The Commission is tasked with ensuring that these services are appropriately classified under Illinois law and that the public interest is upheld.

Staff recommends that in order to conduct this investigation, the Commission should order the Company to file information and evidence, as outlined in this Staff Report, that will allow the Commission to make its determination. Finally, because the statute requires the Commission to issue its final order no later than 180 days from the date that the investigation is initiated, the information requests outlined above must be submitted in a timely fashion. Consequently, the Commission should require the Company to file its direct evidence no later than 12 calendar days from the date of the Commission's order that comports with the information requirements Staff has outlined above.

Submitted by:

A handwritten signature in dark ink, consisting of a large, stylized 'J' followed by a series of loops and a long horizontal stroke extending to the right.

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Jim Zolnierrek, Director  
Telecommunications Division

**Tariff Sheets filed with TRM #397**

ILLINOIS BELL TELEPHONE COMPANY

III. C. C. No. 19, Part 2, Section 2

2<sup>nd</sup> Revised Sheet 3

1<sup>st</sup> Revised Sheet 6

Part 4, Section 2

12<sup>th</sup> Revised Sheet 1

14<sup>th</sup> Revised Sheet 4

11<sup>th</sup> Revised Sheet 5

8<sup>th</sup> Revised Sheet 10

6<sup>th</sup> Revised Sheet 13

2<sup>nd</sup> Revised Sheets 62.21 and 62.22

Part 4, Section 5

9<sup>th</sup> Revised Sheet 3

Part 7, Section 1

8<sup>th</sup> Revised Sheet 1

3<sup>rd</sup> Revised Sheet 2

21<sup>st</sup> Revised Sheet 3

Part 7, Section 2

6<sup>th</sup> Revised Sheet 1

20<sup>th</sup> Revised Sheet 5

1<sup>st</sup> Revised Sheet 12

5<sup>th</sup> Revised Sheet 13

Part 7, Section 5

1<sup>st</sup> Revised Sheet 33

3<sup>rd</sup> Revised Sheet 48

Part 12, Section 1

2<sup>nd</sup> Revised Sheet 2

3<sup>rd</sup> Revised Sheet 3

4<sup>th</sup> Revised Sheet 4

7<sup>th</sup> Revised Sheet 5

Original Sheet 5.1

4<sup>th</sup> Revised Sheet 6

5<sup>th</sup> Revised Sheet 7

7<sup>th</sup> Revised Sheet 8

4<sup>th</sup> Revised Sheet 9

Part 16, Section 2

2<sup>nd</sup> Revised Sheet 7

Part 17, Section 1

1<sup>st</sup> Revised Sheet 41

1<sup>st</sup> Revised Sheet 60

Part 20, Section 4

5<sup>th</sup> Revised Sheet 1

1<sup>st</sup> Revised Sheet 64

Part 20, Section 7

2<sup>nd</sup> Revised Sheet 1

1<sup>st</sup> Revised Sheet 4

1<sup>st</sup> Revised Sheet 6

1<sup>st</sup> Revised Sheet 9

1<sup>st</sup> Revised Sheet 12

1<sup>st</sup> Revised Sheet 15

1<sup>st</sup> Revised Sheet 18

1<sup>st</sup> Revised Sheet 21

1<sup>st</sup> Revised Sheet 24

1<sup>st</sup> Revised Sheet 27

1<sup>st</sup> Revised Sheet 30

1<sup>st</sup> Revised Sheet 35

1<sup>st</sup> Revised Sheet 39

1<sup>st</sup> Revised Sheet 43

Original Sheet 47

III. C. C. No. 20, Part 1, Section 3

11<sup>th</sup> Revised Sheet 1

12<sup>th</sup> Revised Sheet 11

5<sup>th</sup> Revised Sheet 17

5<sup>th</sup> Revised Sheet 25

15<sup>th</sup> Revised Sheet 26

9<sup>th</sup> Revised Sheet 29

Part 2, Section 2

5<sup>th</sup> Revised Sheet 17

27<sup>th</sup> Revised Sheet 33

Part 4, Section 2

9<sup>th</sup> Revised Sheet 1

11<sup>th</sup> Revised Sheet 4

12<sup>th</sup> Revised Sheet 4.1

4<sup>th</sup> Revised Sheet 66

6<sup>th</sup> Revised Sheet 749.2

10<sup>th</sup> Revised Sheet 750

3<sup>rd</sup> Revised Sheet 750.1

9<sup>th</sup> Revised Sheet 752  
13<sup>th</sup> Revised Sheet 753  
16<sup>th</sup> Revised Sheet 754.1  
6<sup>th</sup> Revised Sheet 755  
5<sup>th</sup> Revised Sheet 756

Part 4, Section 5  
8<sup>th</sup> Revised Sheet 6

Part 7, Section 1  
6<sup>th</sup> Revised Sheet 1  
2<sup>nd</sup> Revised Sheet 2  
14<sup>th</sup> Revised Sheet 3

Part 7, Section 2  
11<sup>th</sup> Revised Sheet 1  
10<sup>th</sup> Revised Sheet 2  
7<sup>th</sup> Revised Sheet 3  
10<sup>th</sup> Revised Sheet 4  
5<sup>th</sup> Revised Sheet 5  
10<sup>th</sup> Revised Sheet 9

Part 7, Section 5  
4<sup>th</sup> Revised Sheet 41  
3<sup>rd</sup> Revised Sheet 69  
2<sup>nd</sup> Revised Sheet 70  
3<sup>rd</sup> Revised Sheet 71

Part 12, Section 1  
4<sup>th</sup> Revised Sheet 1  
5<sup>th</sup> Revised Sheet 3  
7<sup>th</sup> Revised Sheet 4  
3<sup>rd</sup> Revised Sheet 5  
7<sup>th</sup> Revised Sheet 6  
9<sup>th</sup> Revised Sheet 8  
5<sup>th</sup> Revised Sheet 9

Part 16, Section 2  
3<sup>rd</sup> Revised Sheet 8

Part 17, Section 1  
3<sup>rd</sup> Revised Sheet 39  
4<sup>th</sup> Revised Sheet 66

Part 20, Section 4  
4<sup>th</sup> Revised Sheet 4  
1<sup>st</sup> Revised Sheet 4.01

6<sup>th</sup> Revised Sheet 5  
2<sup>nd</sup> Revised Sheet 11

Part 20, Section 7  
2<sup>nd</sup> Revised Sheet 3  
1<sup>st</sup> Revised Sheet 4  
6<sup>th</sup> Revised Sheet 5  
2<sup>nd</sup> Revised Sheet 6  
2<sup>nd</sup> Revised Sheet 8  
3<sup>rd</sup> Revised Sheet 11

Filed: August 1, 2008  
Effective: August 4, 2008

**Tariff Sheets filed with TRM #465**

ILLINOIS BELL TELEPHONE COMPANY

III. C. C. No. 19, Part 1, Section 3  
10<sup>th</sup> Revised Sheet 10.1

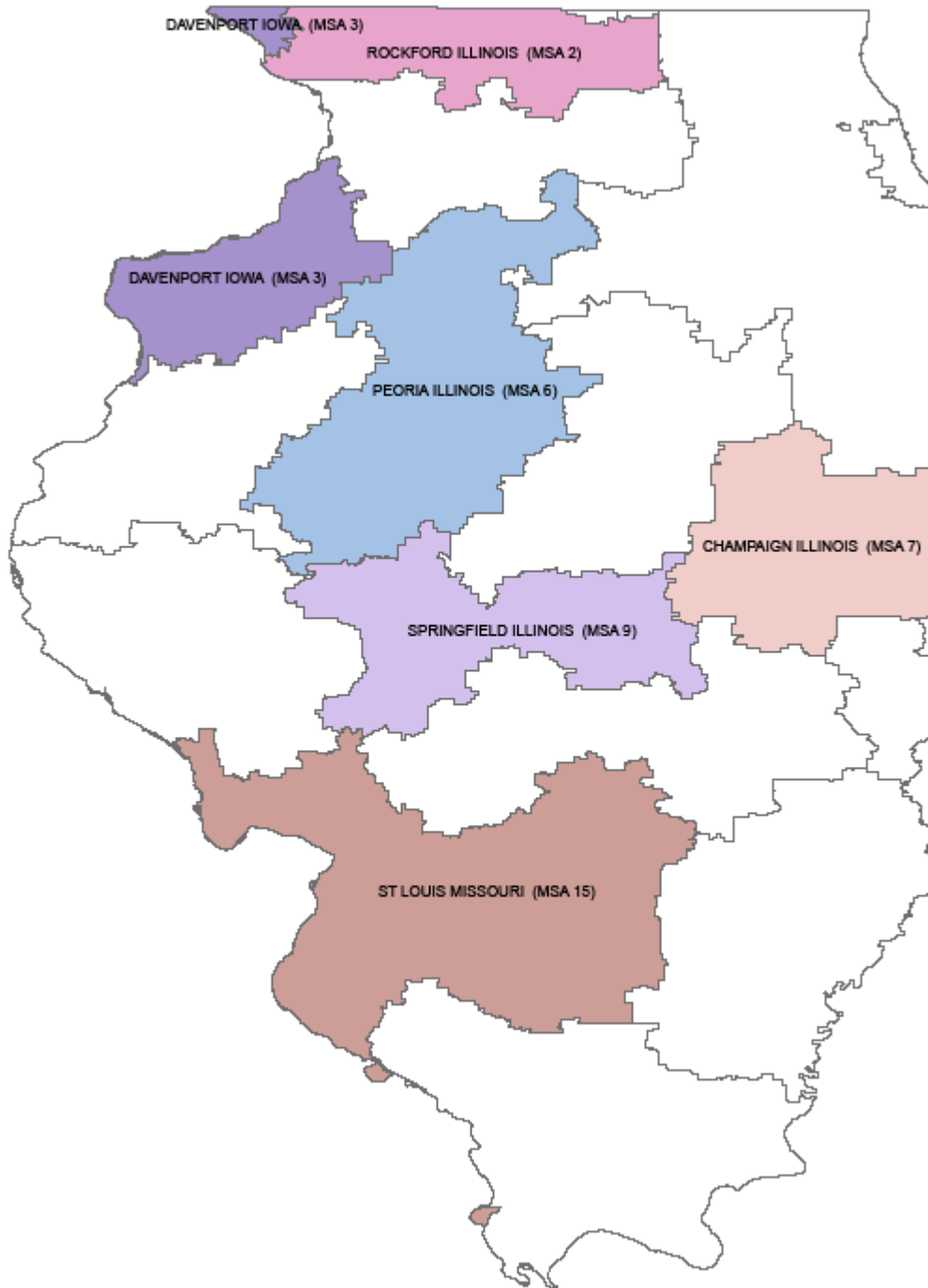
Part 7, Section 5  
1<sup>st</sup> Revised Sheet 52  
1<sup>st</sup> Revised Sheet 73

III. C. C. No. 20, Part 1, Section 3  
10<sup>th</sup> Revised Sheet 10.1

Part 7, Section 5  
1<sup>st</sup> Revised Sheet 52  
1<sup>st</sup> Revised Sheet 73

Filed: September 15, 2008  
Effective: September 16, 2008

## Illinois LATAs (MSAs) with Services Reclassified

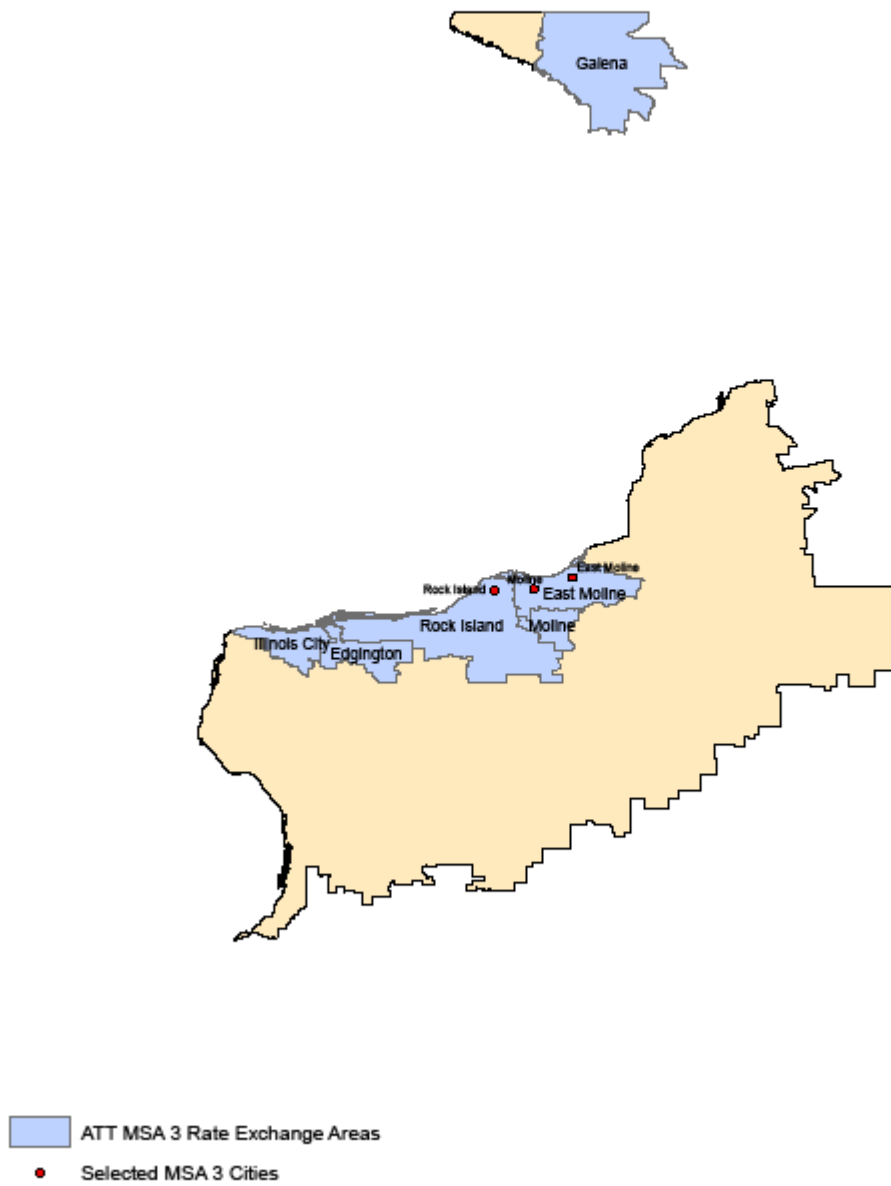


## The Rockford, IL LATA (MSA 2)



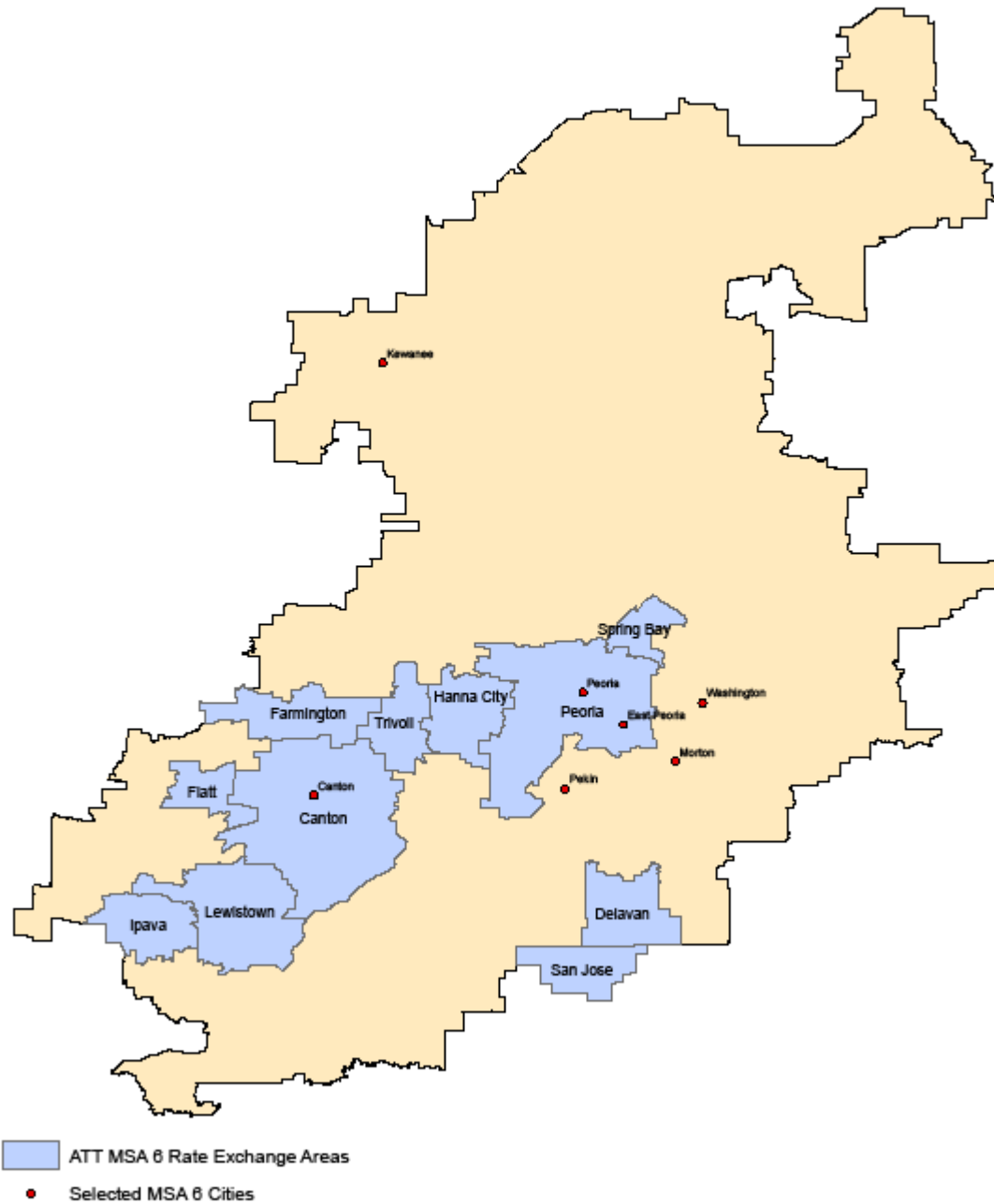
- ATT MSA 2 Rate Exchange Areas
- Selected MSA 2 Cities

## The Davenport, IA LATA (MSA 3)

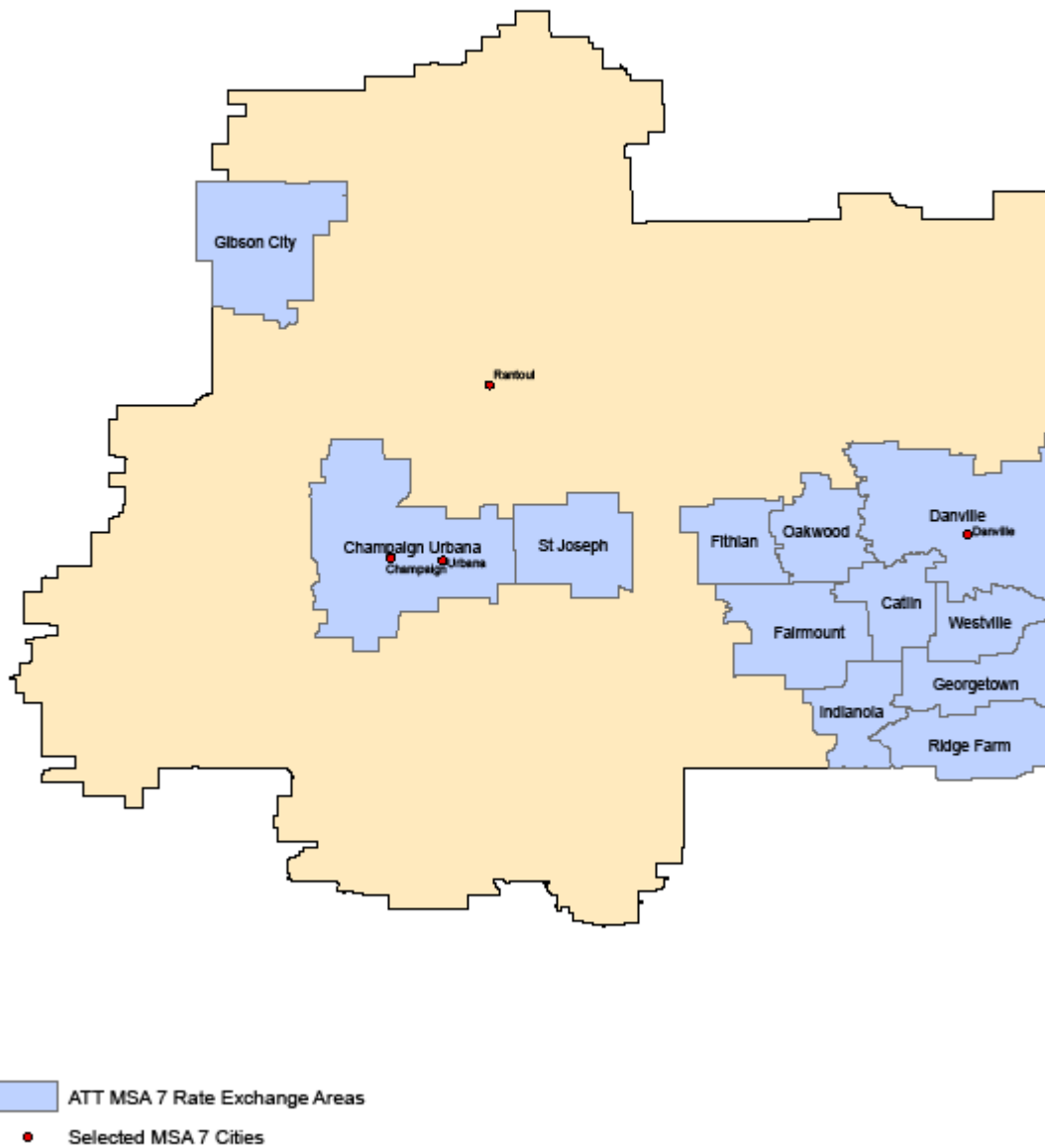




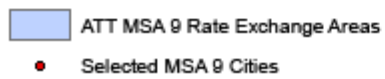
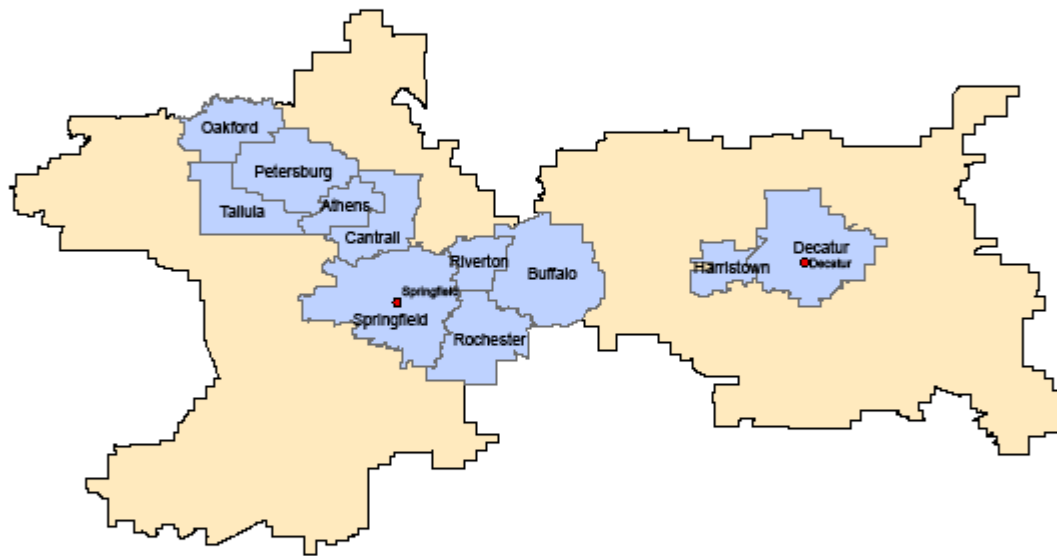
## The Peoria, IL LATA (MSA 6)



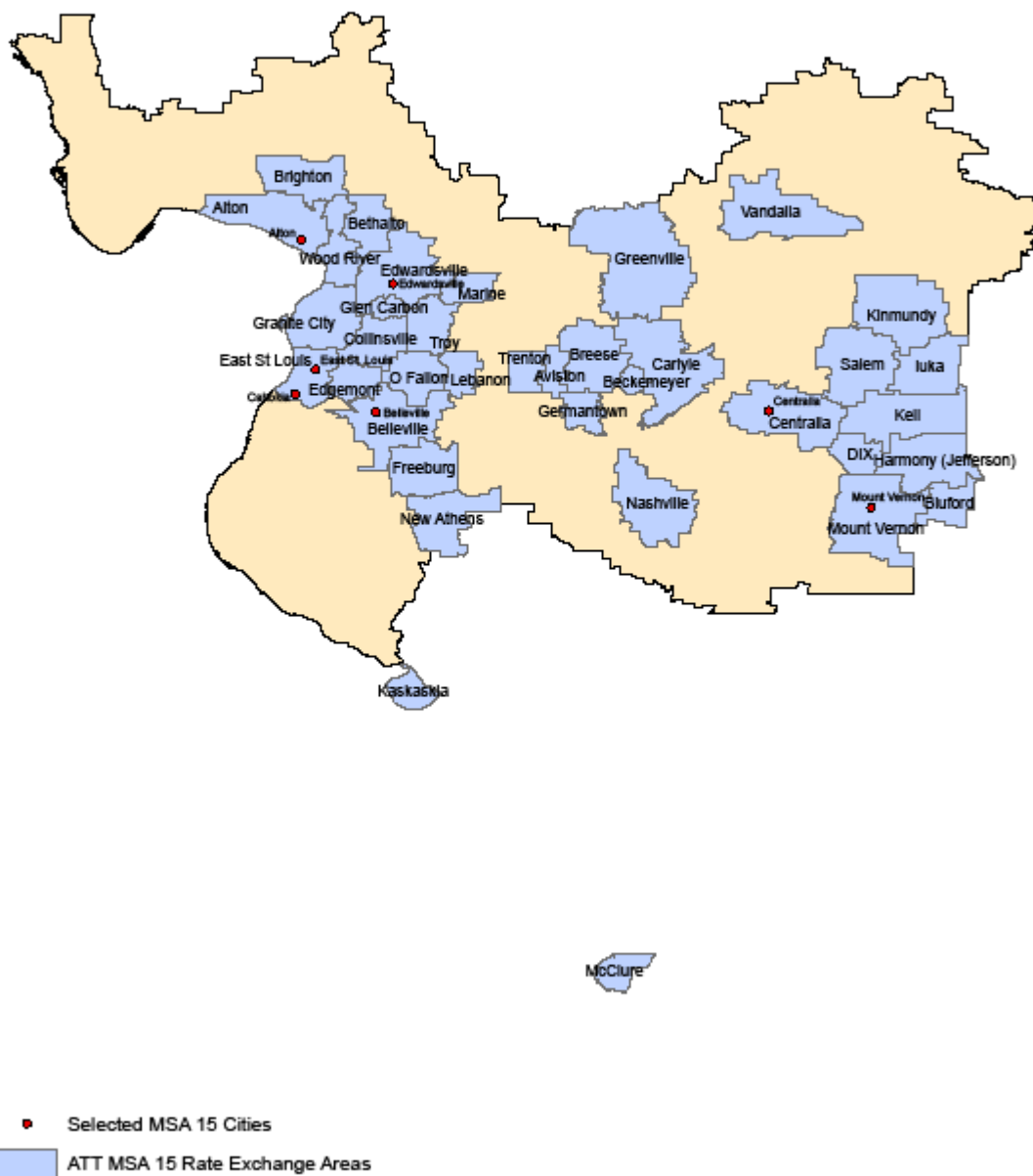
## The Champaign, IL LATA (MSA 7)



## The Springfield, IL LATA (MSA 9)



## The St. Louis, MO LATA (MSA 15)



## Attachment C

### Services Reclassified by AT&T Illinois' August 1, 2008 and September 15, 2008 Filings

**Residential Network Access Lines** – A network access line (“NAL”) is the connecting facility between a customer’s premises and a serving central office that provides customer access to the dial network for placing and receiving calls. The monthly recurring residential NAL rate in MSAs 2, 3, 6, 7, 9 and 15 is \$9.00.

**Residence Usage Services.** Residential local calls are billed on a per-call non-timed basis. The location of the called party determines whether the call is a “Band A” or “Band B” call. The time when the call is made determines whether the call is a “Peak Period”, “Shoulder”, or “Off Peak” call. All local calls whether Band A or Band B and whether “Peak Period”, “Shoulder”, or “Off Peak” are billed at a uniform rate of 2.03¢ per call.

**Consumer Choice Basic.** This optional calling plan consists of a fixed monthly rate for a Residence Network Access Line and up to 30 local (Band A and Band B) calls, plus a per call rate for usage over the 30 call limit. The monthly recurring rate is in MSAs 2, 3, 6, 7, 9 and 15 \$9.50 with a \$.06 rate for each call over 30.

**Select Feature Package.** This optional calling plan consists of a fixed monthly rate for a network access line, unlimited residential local calling, and Custom and Advanced Custom Calling features. The monthly recurring rate is \$28.00.

**Winback Offering – Residence Access Line Service.** This is a promotion which offers to waive service order and line connection charges for customers returning to AT&T Illinois from another carrier.

**Online Offering – Residence Access Line Service.** This is a promotional offer that waives service order and line connection charges for customers that establish up to three network access lines with AT&T Illinois via the online ordering system.

**Custom Calling Services** – these features have been reclassified as competitive service offerings for all residential customers statewide by statute with the exception of Call Waiting and Caller ID services.

- **Call Waiting** – The monthly recurring rate is \$1.68.
- **Caller ID** - The monthly recurring rate is \$3.99.
- **Caller ID with Name** - The monthly recurring rate is \$0.71.
- **Talking Call Waiting** - The monthly recurring rate is \$1.88.

**BASICS Choice** – This is calling feature package consisting of Custom Calling and Advanced Custom Calling services at a recurring package rate of \$11.48 per month.

**Alphabetical Directory Listings** – Extra listings, private listings and semi-private listings are all optional services provided for a monthly rate of 40¢ for Extra Listings, \$1.20 for Private Directory Service and \$.50 for Semi-Private Directory Service.

**Custom Number Service** – Allows customers to request a specific telephone number at a monthly rate of \$38.00.

**Printed Detail of Message Unit Messages or Minutes of Use Messages** – provides an unlimited number of pages to residential customers for a monthly rate of \$3.00.

**Non-sufficient Funds Check Charge** – A \$10.00 fee assessed against any customer paying for their service with a check returned from the bank for reason of not sufficient funds.

**Convenience Fee** – A \$5.00 fee assessed against any customer using a Company Representative to submit electronic payments by check, credit card, or any discretionary method that may be accepted by the Company.

**ISDN Residential Service** – Provides an integrated voice/data communications capability for the transmission of circuit switched voice and data signals at a speed of 64 Kbps. The monthly rate for ISDN C.O. Termination is \$16.00.

**Complete Choice Enhanced** – This optional calling plan consists of a fixed monthly rate for a network access line, unlimited residential local calling, and Custom and Advanced Custom Calling features. The monthly recurring rate is \$26.00

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### **Grandfathered Services Reclassified by AT&T Illinois' August 1, 2008 Filing**

Various grandfathered services that are no longer offered to new customers have been reclassified as competitive within MSAs 2, 3, 6, 7, 9, and 15 for residential customers. These services include:

Residence Local Call Plans, Ameritech Home Services Packages, uSelect3 and 2-Line uSelect 3, uSelect 3 Win/Winback Plan, uSelect 6 and 2-Line uSelect 6, uSelect Standard Package, uSelect Standard Package Win/Winback Plan, Complete Solution II, The BASICS Package, The Works, Sensible Local Solution, 2-Line Complete Local Solution, Complete Local Solution Package, Economy Local Solution Package, Economy Solution Package, Economy Solution Plus Package, Sensible Solution Package, and Sensible Solution Plus Package.

None of the terms, conditions or rates for any of these services have been altered in any way and remain available only to those customers currently subscribing to the service.

**List of Potential Alternative Providers Cited by AT&T Illinois MSAs 2, 3, 6, 7, 9, and 15**

MSA 2

ACN Communications  
Comcast Phone of Illinois  
Charter Fiberlink-Illinois, LLC  
MCC Telephony of Illinois  
McLeod USA  
Sage Telecom, Inc.  
Sprint Communications Company L.P.  
TDS Metrocom, LLC  
WorldCom  
T-Mobile  
U.S. Cellular  
Verizon Wireless

MSA 3

MCC Telephony of Illinois  
McLeod USA  
Sage Telecom, Inc.  
Sprint Communications Company L.P.  
WorldCom  
T-Mobile  
U.S. Cellular  
Verizon Wireless

MSA 6

Comcast Phone of Illinois  
MCC Telephony of Illinois  
McLeod USA  
NII Communications  
NOW Communications  
Sage Telecom, Inc.  
Sprint Communications Company L.P.  
WorldCom  
T-Mobile  
U.S. Cellular  
Verizon Wireless

## MSA 7

Comcast Phone of Illinois  
McLeod USA  
NII Communications  
NOW Communications  
Sage Telecom, Inc.  
Sprint Communications Company L.P.  
WorldCom  
T-Mobile  
U.S. Cellular  
Verizon Wireless

## MSA 9

Comcast Phone of Illinois  
MCC Telephony of Illinois  
McLeod USA  
NII Communications  
Sage Telecom, Inc.  
Sprint Communications Company L.P.  
WorldCom  
Cellular One  
T-Mobile  
U.S. Cellular  
Verizon Wireless

## MSA 15

ACN Communications  
Charter Fiberlink-Illinois, LLC  
Lightspeed Telecom (US SONET)  
McLeod USA  
NII Communications  
NOW Communications  
Sage Telecom, Inc.  
Sprint Communications Company L.P.  
Talk America  
Trinsic Communications  
WorldCom  
Cricket Communications  
T-Mobile  
Verizon Wireless